

As far as assisting the Commission in ruling on petitions for forbearance, the Commission has indicated that the burden is on the petitioner to prove that the statutory criteria for forbearance have been satisfied.<sup>31</sup> Thus, it is far more efficient to require petitioners to produce the necessary data when and as needed rather than requiring it to be maintained continuously by the entire industry, even by those who may never become petitioners. In fact, it is ironic to justify additional burdensome recordkeeping requirements based on a speculative need for information in a type of proceeding intended to lift the burden of other regulations. Imposing additional regulation in pursuing this goal is contrary to the spirit of the forbearance provisions in Section 10 of the Communications Act.<sup>32</sup> The NPRM's proposals for incongruous detailed accounting and recordkeeping requirements are likewise contrary to the spirit of the mandate that the Commission eliminate any regulation that is "no longer necessary in the public interest"<sup>33</sup> and the pro-competitive, deregulatory framework of the 1996 Act. The Commission should abandon these efforts to impose additional burdensome accounting requirements which the NPRM has not even attempted to justify by an explanation of how they will lead to the poorly explained objectives.

Of the four stated goals, uniformity in accounting and reporting of revenues and costs is

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Respect to Commercial Mobile Services, 12 FCC Rcd 11266 (1997).

<sup>31</sup> Petition for Forbearance from Jurisdictional Separation Rules, AAD 96-66, 12 FCC Rcd 2308 ¶ 12 (1997). In ruling on the NYNEX Petition, the Commission did not provide any analysis whatsoever of separations data available to it. Thus, the Commission's fourth goal in this NPRM may be illusory in that it is not apparent that the Commission truly intends to use financial data in ruling on such petitions.

<sup>32</sup> 47 U.S.C. § 160.

<sup>33</sup> Id. § 161.



VII. SUB-ACCOUNTS FOR WHOLESALE REVENUE SHOULD NOT BE REQUIRED PROVIDED WHOLESALE REVENUE INFORMATION IS AVAILABLE UPON REQUEST.

The NPRM proposes to establish a wholesale subsidiary record in each account that contains revenue from a product subject to the resale requirement.<sup>34</sup> It should not be necessary to separately identify wholesale revenue in a functional system of accounts. The wholesale and retail products fall into the same category of product or service and should be reported together. Therefore, SBC opposes any requirement that wholesale revenue be segregated and separately identified in each revenue account. However, SBC is not opposed to a flexible requirement that ILECs maintain records which would permit them to generate reports upon Commission request showing their total revenue from resale. This could be accomplished, for example, by internal tracking codes that would permit an ILEC to run a report that would show the total revenue associated with that code. However, ILECs should be allowed the flexibility to design such internal revenue tracking mechanisms as they see fit to best serve their individual management needs.

VIII. THE EXISTING ACCOUNTS ARE ADEQUATE TO HANDLE NEW TYPES OF COMPENSATION ARRANGEMENTS.

Existing accounts and methods are sufficient to accommodate the new types of compensation arrangements discussed in paragraph 12 of the NPRM. It is not necessary for the Commission to create any new accounting requirements with respect to these arrangements. For example, in the case of a bill-and-keep arrangement, the ILEC and the CLEC each bills its own

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<sup>34</sup> NPRM, ¶ 13.

end users and the ILEC records local service revenue, but the two carriers do not charge each other for terminating traffic. Under those circumstances, the ILEC does not have any interconnection-related revenue, and thus, there is no issue as to how interconnection-related revenue should be booked.

IX. ACTIVITIES RESULTING FROM THE 1996 ACT DO NOT REQUIRE NEW PART 32 ACCOUNTING REQUIREMENTS.

The NPRM tentatively concludes that Part 32 changes are not necessary to accommodate accounting for other enumerated activities that the 1996 Act requires of ILECs. SBC concurs with this conclusion. The NPRM reasons that “the associated costs and revenues may readily be recorded in existing accounts.”<sup>35</sup> Actually, SBC submits that the Commission could reach the same conclusion concerning virtually all of the activities required by the 1996 Act. Part 32 was designed to be sufficiently versatile to accommodate almost any type of change. However, as SBC acknowledges above, it is reasonable to consolidate certain types of new revenues from interconnection, UNEs and transport/termination in a new account for purposes of uniformity and because these revenues will be substantial. Otherwise, with the limited exceptions discussed previously in these Comments, new accounting records or other Part 32 accounting requirements should not be imposed in connection with any other activity required or permitted by the 1996 Act.

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<sup>35</sup> NPRM, ¶ 17.

## X. CONCLUSION.

In the NPRM, the Commission indicates that its Part 32 proposals and its need for new, detailed Part 32 accounting requirements remain unaffected by the Eight Circuit ruling in Iowa Utilities Board<sup>36</sup> that vacated the pricing provisions of the Local Competition Order.<sup>37</sup> Certainly, as SBC has articulated above, SBC does not agree that new, burdensome Part 32 requirements are necessary, but SBC submits that the Iowa Utilities Board ruling on state control over the interconnection pricing procedures does not require any alteration whatsoever of the previous method of recording costs and revenues in the system of accounts. As noted in the Separations Reform NPRM, that Eighth Circuit ruling is relevant to decisions the Commission must make concerning the separations process,<sup>38</sup> but SBC maintains that, in any event, interconnection-specific expenses should not be identified and recorded in separate Part 32 accounts, sub-accounts or service-specific records. And, Part 32 should certainly not be used to manipulate the distribution of costs to specific services to achieve unexplained policy objectives.

The interconnection pricing provisions of the 1996 Act indicate an intention to avoid complex rate-of-return proceedings,<sup>39</sup> and yet, the NPRM proposes to require detailed accounting

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<sup>36</sup> Iowa Utilities Board v. FCC, 120 F.3d 753 (8th Cir. 1997).

<sup>37</sup> Id. n.16.

<sup>38</sup> Jurisdictional Separations Reform and Referral to the Federal-State Joint Board, CC Docket No. 80-286, Notice of Proposed Rulemaking, FCC 97-354, released October 7, 1997, ¶¶88-92.

<sup>39</sup> Section 252(d) indicates that interconnection and UNE pricing should be “based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the interconnection or network element . . .” 47 U.S.C. §252(d)(1)(A)(emphasis

records for each type of cost associated with interconnection. Instead of these proposals to account for interconnection as if it required extensive cost-based regulation, the Commission should adopt the simpler approach to accounting for interconnection revenues and expenses as proposed in these Comments.

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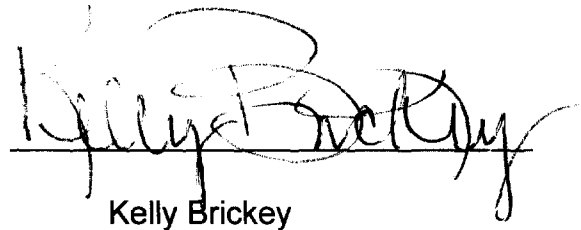
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added). See also Interconnection Order, ¶704.

**CERTIFICATE OF SERVICE**

I, Kelly Brickey, hereby certify that the foregoing "Comments of SBC Communications Inc.", have been served on December 10, 1997, to the Parties of Record.



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